



M E D I A R E L E A S E

STATE OF TENNESSEE
BUREAU OF TENNCARE

FOR IMMEDIATE RELEASE
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TENNCARE AWARDS FULL-FINANCIAL RISK MANAGED CARE CONTRACTS IN EAST AND WEST REGIONS

MEDICAL AND BEHAVIORAL HEALTH INTEGRATION COMPLETE STATEWIDE

NASHVILLE, Tenn.— The TennCare Bureau announced today that BlueCross BlueShield of Tennessee (BCBST) and UnitedHealth Plan of River Valley, Inc. (United) are the prevailing bidders in both the East and West grand regions of the state for TennCare's managed care organization (MCO) contracts. TennCare placed the managed care contracts up for competitive bid in January 2008. The Middle region's competitive bid process was completed last year.

"We're pleased to take this next step in further strengthening the TennCare program operationally and financially as we continue to improve the quality of care our members receive," said Darin Gordon, TennCare Director. "Once again, the bid process for MCO contracts produced a strong field of competitive candidates. Both of the prevailing plans have not only extensive managed care experience, but also have direct experience with our state's Medicaid program. Existing knowledge of our program can help shorten the learning curve for new MCOs and help ensure a smooth transition for our members and providers."

This bid process allowed managed care companies to compete in either the East or West regions or in both regions. The state awarded the regional contracts by independently selecting two companies in each region with the highest combination of technical evaluation, in-person plan interview and cost proposal scores.

The MCO contractors will accept full financial risk to participate in Tennessee's Medicaid program and will be paid set monthly rates, or capitated payments, to manage and deliver care to approximately 173,500 TennCare members each in the West region and approximately 199,500 TennCare members each in the East region. The new contracts also establish an integrated medical and behavioral health care system for members in those regions, following the same integration strategy established in the Middle region last year.

"Enrollees with serious mental illnesses often have other healthcare needs such as diabetes, obesity and hypertension, and many chronic illnesses are accompanied by mental health needs. In addition, many enrollees have needs for early and effective mental health and substance abuse screening, referral, and clinical services," said Commissioner Virginia Trotter Betts, Department of Mental Health and Developmental Disabilities. "The East and West TennCare contracting model allows for an improved opportunity to integrate physical and behavioral health services for all TennCare members all the way from the payor to the provider levels."

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TennCare, Tennessee's Medicaid program, today delivers health care and mental health services through seven managed care organizations, two behavioral health organizations (BHOs) and a statewide administrative services organization (ASO). These plans contract with health care providers, including doctors and hospitals, and help ensure that TennCare members receive the medical and behavioral healthcare services they need.

"Behavioral and medical health care integration combined with a return to financial risk for the MCOs means our TennCare members in these regions can expect greater focus on case and disease management with an emphasis on preventative care," said Gordon. "We will be examining each plan's implementation activities closely, including provider network building, to be sure they are ready to serve members before any enrollee is assigned to one of the MCOs under the new contracts."

TennCare expects to sign contracts with the prevailing bidders May 9, 2008. Before the new plans will be allowed to serve TennCare members, they must complete a readiness review to ensure the plans have operationalized the contract requirements for each region. The readiness review covers claims administration, information systems testing, financial audits, medical management and customer services processes and workflows, and provider network development.

TennCare will stagger each region's member transition and start-up dates. The plans will begin serving West region members on November 1, 2008 and will begin serving members in the East region January 1, 2009 under the new integrated, full-risk contracts that are for three-year terms with two optional one-year extensions. TennCare members will receive specific information about any transition activities from TennCare well before the plans begin to deliver services.

The initial requests for proposal and process documents are available online at <http://www.tennessee.gov/tenncare/healthplans/RFI/TCMCORFI.htm>. The competitive bid submissions are public record and available for inspection during normal business hours at 310 Great Circle Road, Nashville, TN 37243.

BCBST, a Chattanooga, Tenn.-based corporation, serves more than five million people nationwide with approximately \$2.2 billion in assets. Through its BlueCare product, BCBST operates a TennCare MCO in East Tennessee currently. Today's bid award does not affect TennCare's statewide ASO, TennCare Select, also currently operated by BCBST. United, headquartered in Minnesota, operates health plans in 14 states serving more than 1.7 million members with revenues in excess of \$4.5 billion. In 2006 United acquired John Deere Healthplan, an existing TennCare MCO in the East region. In 2007, United was one of two prevailing MCO bidders in TennCare's Middle region competitive bid process and currently serves both regions as AmeriChoice by UnitedHealthcare.

TennCare is Tennessee's expanded Medicaid program, providing health insurance coverage to 1.2 million Tennesseans including 640,000 children. For more information about TennCare visit www.tennessee.gov/tenncare

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Current TennCare MCOs by region:

East: BlueCare, PHP TennCare, AmeriChoice, TennCare Select*

Middle: AmeriChoice, AmeriGroup Community Care, TennCare Select*

West: Unison Health Plan, TLC Family Care, UAHC, TennCare Select*

TennCare MCO network as new plans are operationalized:

East (after January 1, 2009): BlueCare, AmeriChoice, TennCare Select*

Middle: AmeriChoice, AmeriGroup Community Care, TennCare Select*

West (after November 1, 2008): BlueCare, AmeriChoice, TennCare Select*

*TennCare Select only serves special enrollee populations as assigned by TennCare. Members cannot choose TennCare Select as their MCO.